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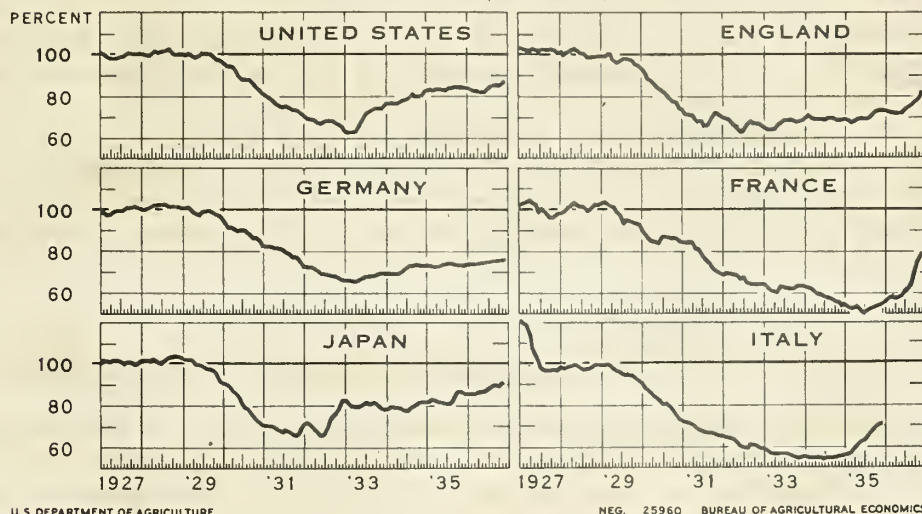
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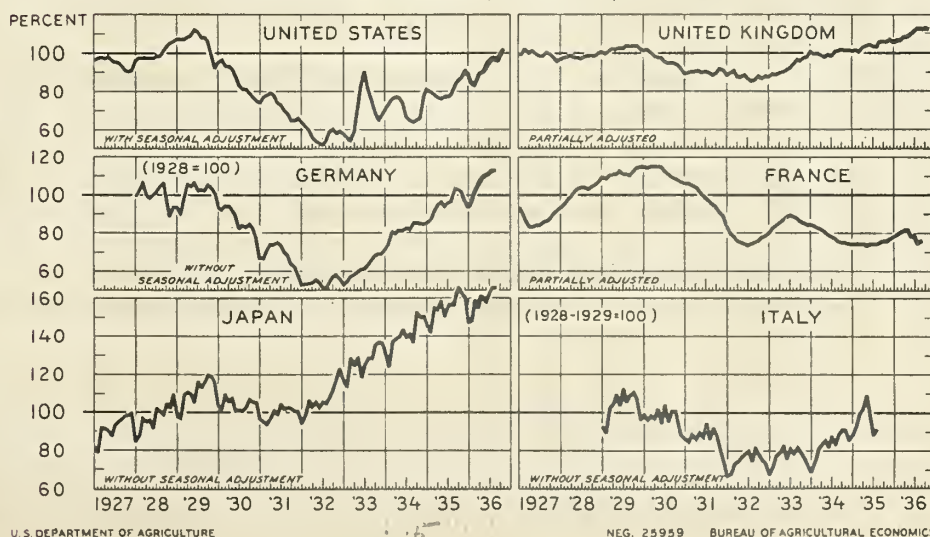
## WHOLESALE PRICES, UNITED STATES AND SELECTED FOREIGN COUNTRIES, 1927 TO DATE

INDEX NUMBERS (1927-29=100)



## INDUSTRIAL PRODUCTION, UNITED STATES AND SELECTED FOREIGN COUNTRIES, 1927 TO DATE

INDEX NUMBERS (1927-1929=100)



## SPECIAL ANNOUNCEMENT

Beginning with the next issue, The Price Situation will be replaced by a new publication, The Demand and Price Situation. This will be one of a new series of periodical situation reports, a tentative list of which will be found below. The demand situation and the general economic situation of agriculture will receive more adequate treatment in this new publication, which also will contain brief statements regarding the price situation for each important commodity. The latter will be much less detailed than the commodity reports contained in this and past issues of The Price Situation. Readers desiring more detailed information relating to the individual commodities may have their names placed on the mailing lists to receive any one or more of the other situation reports.

### Tentative List of B. A. E. Periodical Situation Reports

(Note: Figure in parentheses following title is approximate date of publication, which may be varied to meet conditions as they arise. All publications monthly except as otherwise indicated.)

1. Poultry and Egg Situation (8)
2. Wool Situation (9)
3. Fats and Oils Situation (10)
4. Sugar Situation (February 14; June 14; December 14)
5. Dairy Situation (16)
6. Demand and Price Situation for Farm Products (17)
7. Hog Situation (18)
8. Beef Cattle Situation (19)
9. Sheep and Lamb Situation (20)
10. Fruits and Vegetables Situation (21)
11. Wheat Situation - including rye (23)
12. Flax Situation (March 24; August 24; December 24)
13. Feed Crops Situation (March 25; August 25; December 25)
14. Cotton Situation (25)
15. Tobacco Situation (January 26; March 26; July 26;  
September 26; November 26)

## FARM PRICES

Recent changes in market prices of farm commodities indicate that the general level of prices received by farmers made a substantial rise from mid-December to mid-January. Advances occurred in prices of hogs, cattle, lambs, wheat, corn, oats, rice, butter, wool, and potatoes, with marked declines occurring only in the prices of poultry and eggs.

World wheat prices continued to advance during December as a result of heavy purchases by European countries in order to build up stocks. Wheat prices in domestic markets advanced about the same as world prices. Strength in wheat prices during the next month will continue to depend largely on the aggressiveness of European buying. With the relatively close adjustment this season between world supplies and consumption, the newly harvested wheat crop from Argentina and Australia may be absorbed without becoming much of a price depressing factor. The advances in feed grain prices since late October are largely explained by the comparatively rapid rate of disappearance of feed grains, a substantial increase in livestock prices, and an upward movement in wheat and rye prices. In view of small January 1 stocks of feed grains and a favorable outlook for livestock prices, feed grain prices are expected to remain at about the current high level during the next month or so. The downward movement in rice prices which started in the summer months continued to the end of 1936. Increased production in California and the Southern States was largely responsible for declining prices. In the first week of January prices of southern rice advanced materially, and there are some indications that the low point for the 1936-37 marketing year may have been passed.

The seasonal rise in hog prices which started in late November continued through December, and in early January the weekly average for all hogs combined was at the highest level since late April. With prospects for a greater than average seasonal reduction in hog marketings during the late winter, a further advance in hog prices is to be expected. Cattle prices advanced rather sharply during the latter part of December and early January, reaching the highest level since early in 1936. Prices of fed cattle are expected to be fairly well maintained with an upward tendency, and prices of lower grade cattle are expected to make at least an average seasonal advance during the next few months. Prices of slaughter lambs and ewes made sharp advances during the last week of December and the first week of January. A further advance from the levels of early January may take place before the end of February, but a larger advance is expected during March. Chicken prices continue to decline by more than the average seasonal amount because of the record supplies. While it is not likely that the usual spring price rise will carry prices to the level of 1936, neither is the usual summer and fall decline likely to be as great as average.

Butter prices have increased at a season of the year when there is usually some decline. Cheese prices in December and early January were the same as a month earlier. During the first half of 1937 prices of these two commodities probably will average higher than in the same period of 1936, the seasonal decline in prices being later than usual.



Owing to the small supply of 1936 late potatoes going into storage for winter and spring marketings, potato prices advanced sharply during the last month, and indications are that, aside from minor recessions from time to time, the sharp upward trend will continue during the next 2 or 3 months.

Most types of tobacco on the market during December 1936 sold for prices averaging higher than those of the same month in 1935, prices of some types being substantially higher. The general improvement in tobacco prices during this marketing season over those prevailing during the 1935-36 season is due partly to reduced supplies of many types, and partly to increased consumption of tobacco products.

The upward trend in wool prices continued in the Boston market during December. In view of the strong demand for wool in most consuming countries and the relatively small world supplies, it is expected that wool prices will be well maintained during the next few months. Domestic wool prices at the present time are largely influenced by the small supplies of wool available in this country and by the strength in wool prices in foreign markets. The strength evident in cotton prices during the first half of December continued throughout the month. A very high level of activity continues to prevail in the domestic cotton textile industry.

The index of prices received by farmers in mid-December was 126 percent of the pre-war average, compared with 120 in November, and 110 in December 1935. The index of prices paid by farmers in December was about the same as in November, or 127 percent of the pre-war average, compared with 122 in December 1935. The ratio of prices received to prices paid by farmers rose from 94 in November to 99 in December, compared with 90 in December 1935.

#### WHOLESALE PRICES

The general level of wholesale prices in 1936 was 113 percent of the 1910-14 average, 1 percent higher than in 1935, and 8 percent higher than in 1934. Following a moderate decline in the early months of 1936, wholesale prices rose slowly from May to November and then advanced sharply. Prices in early January 1937 were 124 percent of pre-war, the highest since June 1930.

Prices of all groups of commodities advanced in 1936, though in varying degrees. Since last May prices of farm products have increased 22 percent, largely because of a 63 percent rise in grain prices. Prices of foods at the same time increased 11 percent.

Prices of commodities other than farm products and foods have advanced 5 percent since last May with greatest gains in prices of chemicals and drugs, textiles, hides and leather, and miscellaneous commodities. Prices of fuel and lighting materials, and housefurnishing goods have increased only slightly and that in recent months.

The ratio of wholesale prices of farm products to wholesale prices of nonagricultural products in early January was 101 percent of the 1910-14 average, the highest in nearly 7 years, compared with 90 a year earlier.

The trend of wholesale prices in foreign countries has likewise been similar. Prior to devaluation of the "gold bloc" currencies, most European countries directed their efforts largely toward prevention of further price declines, whereas these same countries are now seeking to check sharp price advances. This is true in the former gold bloc countries, and also in Germany and Poland, countries which still adhere nominally to the old parities of their currencies. France and Switzerland are attempting, to some extent at least, to fix prices by Government decree. In late November, Germany placed a general veto on price advances above the level which prevailed on October 18, 1933. Exceptions to this ruling in Germany, however, are already being permitted for prices of metals and imported goods.

Prices in France have risen more sharply than in other countries, having increased 40 percent in the last 12 months, and with prospects of further advances. Prices in France are now the highest in over 5 years; compared with the 1927-29 levels they are about the same as prices in England and Germany but somewhat below the level in the United States and Japan. (See chart on cover page). Prices in England have gained 14 percent since June, the low point of the year, and prices in Canada have risen almost as rapidly, with prices in both countries at the highest level in 5 years. Prices in Germany have advanced slowly throughout the year to a new 5-year high, with increases in prices of industrial goods more than offsetting declines in agricultural prices.

A combined index of wholesale prices in the currencies of seven important foreign commercial countries advanced in November to 80 percent of the 1923 average, 8 percent above the level of a year earlier.

#### BUSINESS CONDITIONS

Industrial activity at the end of 1933 was at the highest level since the fall of 1929. Although there was some decline in activity in the first half of January, largely because of labor strikes, the large volume of unfilled orders on hand in the steel, textile and automobile industries indicates a continuation of the high level of industrial activity, unless labor strikes become more widespread. With these three major industries operating at near capacity levels during the first half of 1937, it is expected that the recent improvement in consumers' incomes will be maintained or increased further and will be reflected in increased farm income when compared with a year ago, in spite of the anticipated decline in marketings of some of the more important farm products.

Strikes in the automobile and allied industries have resulted in sharp curtailment in the assembly of some of the leading makes of cars. This decline in automobile output has resulted in reduced activity in those industries supplying parts to the automobile industry. Steel activity has increased to new high levels in the recovery period, partly because of the large number of unfilled orders from the railroads and miscellaneous steel consumers. Unfilled orders in the cotton, wool, and rayon industries are sufficient to keep those industries running near capacity levels for several months. Automobile manufacturers are also looking forward to increased sales in 1937 which should keep the industry operating at near capacity levels during most of the first half of the year.

Retail trade increased about seasonally from November to December. Preliminary indications are that the value of retail sales in December was the largest for the month since 1929, and if changes in the price level are considered, the volume of retail sales was probably the largest for any holiday period on record. The seasonally adjusted index of department store sales of the Federal Reserve Board in December was 92 percent of the 1923-25 average, compared with 93 percent in November, and 83 percent in December 1935. The seasonally adjusted index of the value of retail sales in small towns and rural areas, which includes a large part of the mail order house sales, was the highest since September of 1929. The value of mail order house sales in December was the largest for any month on record. Retail sales of automobiles in December was also larger than last year.

The daily average of construction contracts awarded during December was below that of November and also below that of December a year ago. However, the decline from November was largely seasonal, with all types of construction awards declining. During the last half of 1935 there was a marked upward trend in the volume of construction contracts awarded which reached the peak in December of that year. During 1936, however, the volume of construction contracts awarded has remained relatively stable, after allowance for seasonal adjustment has been made, at a level somewhat below that for December last year. The upward trend in the volume of residential contracts awarded during 1936 was about offset by a decline in the volume of public works and utility contracts awarded. Present indications are that the upward trend in residence construction will continue and will be accompanied by increases in other types of private construction, particularly in the field of public utilities where output in recent months has been at new record levels and where much of the existing plant is being operated at capacity.

Business activity in most foreign countries has made little change in recent months, but in most countries activity at the year end was somewhat higher than that of a year earlier. Advances in prices of many raw materials have increased the purchasing power of countries supplying those commodities, which in turn has been accompanied by larger exports of manufactured products to those countries. Industrial activity in France has shown only moderate improvement since devaluation in spite of a sharp advance in price of both imported and domestic products. The apparent hesitation in business activity in Japan during October has been followed in more recent months by increasing activity and rising prices. In Germany the output of consumer goods continues to lag behind the expansion in building and output of armaments, and there is an apparent shortage of raw materials and certain foodstuffs.



WHEAT

World wheat prices continued to advance during December as a result of heavy purchases by European countries, particularly Italy, in order to build up stocks. Wheat prices in domestic markets advanced about the same as world prices. In late December, Liverpool and Chicago futures reached the highest levels since the winter of 1929-30, while No. 2 Hard Red Winter at Kansas City was the highest since June 1928, and No. 1 Dark Northern Spring at Minneapolis the highest since July 1926. Prices weakened during the first half of January, however, influenced by slackened inquiry from European countries, increased offerings of Southern Hemisphere wheat, and improved prospects for next year's domestic wheat crop. Strength in wheat prices during the next month will continue to depend largely on the aggressiveness of European buying. With the relatively close adjustment this season between world supplies and consumption, the newly harvested wheat crop from Argentina and Australia may be absorbed without becoming much of a price-depressing factor.

The average price of wheat received at local United States markets on December 15 was 114.5 cents compared with 106.5 cents on November 15, and 89.0 cents, the revised figure for December 1935. Prices of No. 2 Hard Red Winter at Kansas City, No. 2 Dark Northern Spring at Minneapolis, and No. 2 Red Winter at St. Louis were 11, 12, and 13 cents higher, respectively, for the week ended January 9 than for the week ended December 12.

The spread between United States and world wheat prices continued to be much narrower than the spread during the corresponding period in the last 3 years when crops were also less than domestic needs.

Margins between domestic wheat prices and prices at Winnipeg and Liverpool, month of December, 1933-36

Month and year	Price of cash wheat		Price of May futures	
	Amount of No. 2 Hard	Amount of No. 2 Hd.	Amount	Amount
	Winter (Kansas City)	Winter (Kansas	Chicago	Chicago
	averaged above	City) averaged	averaged	averaged
Month of Dec.	No. 3 Manitoba	above parcels	above	above
	(Winnipeg)	(Liverpool)	Winnipeg	Liverpool
	Cents per bushel	Cents per bushel	Cents per bushel	Cents per bushel
1936.....	19	1/ 0 to -2	8	3
1935.....	35	18	10	9
1934.....	31	23	16	22
1933.....	26	15	21	22
:				
:				

1/ No. 2 Hard Winter at Kansas City lower than parcels at Liverpool.  
The price of parcels at Liverpool is incomplete for December.

Wheat stocks remaining on farms January 1, 1937 are estimated at 129,000,000 bushels, the smallest in the 10 years of record. January 1 stocks were 163,000,000 bushels in 1936, 146,000,000 bushels in 1935, and 249,000,000 bushels the 1928-32 average. The total of farm and commercial stocks on January 1, 1937 was 191,000,000 bushels, compared with 240,000,000 bushels in 1936, 237,000,000 bushels in 1935 and the 1928-32 average of 418,000,000 bushels.

Domestic wheat crop prospects during the last month improved over much of the Great Plains, with snows bringing some moisture and furnishing protection against extremely low temperatures in northern and western sections.

A production of about 600,000,000 bushels was forecast by the Crop Reporting Board on the basis of the winter wheat condition on December 1 and the very large acreage planted to winter wheat. Moisture in the spring wheat area is very short and the crop will be dependent upon rains at planting time and during the growing season. Even a very small crop of spring wheat would provide enough additional wheat to bring the prospective total above the amount of the usual domestic disappearance about 650,000,000 bushels. Prospects are reported generally satisfactory in Central and Southern Europe but crops are rather too advanced in the Scandinavian countries and snow cover was needed in the Balkans and Soviet Russia.

World wheat shipments, July through January 9, totaled 259,000,000 bushels this year, which represents a material increase over the 226,000,000 bushels for the same period last year, and almost as much as shipments of 265,000,000 bushels made in the same period 2 and 3 years ago. Shipments from Argentina and Australia increased materially the latter part of December as new wheat began to move in volume.

In 1936 world production of wheat, excluding Russia and China, is now estimated at 3,469,000,000 bushels, compared with the December estimate of 3,486,000,000 bushels. The most significant change during the last month was the downward revision of the Italian estimate, the former estimate of 239,000,000 bushels being changed to 227,000,000 bushels. The Argentine production is now estimated at 249,855,000 bushels, compared with the November estimate of 255,000,000 bushels. Australia's estimate has been increased by 4,000,000 bushels.

#### CORN AND OTHER FEED GRAINS

The comparatively rapid rate of disappearance of feed grains and a substantial increase in livestock prices, together with an upward movement in wheat and rye prices, have been largely responsible for the advances in feed grain prices since late October. Livestock prices advanced somewhat more rapidly than feed grain prices during this period and livestock feed ratios have become more favorable for feeders. Corn and oats prices advanced slightly in the last half of December, but advanced sharply during the first part of January under the influence of unfavorable weather. In view of small January 1 stocks of feed grains and a favorable outlook for livestock prices, feed grain prices are expected to remain at about the current high level during the next month or so.

Relatively high feed grain prices may be expected to stimulate some increase in the acreages of these grains in 1937 and if more nearly normal yields per acre are obtained, supplies of feed grains per animal unit may be expected to be large and feed grain prices substantially lower than in the present marketing year.

The weekly average price of No. 3 Yellow corn at Chicago advanced from 105 cents per bushel for the week ended December 5 to 112 cents for the week ended January 9. During this same period No. 3 White oats at Chicago advanced from 47 cents per bushel to 55 cents and No. 3 barley at Minneapolis declined from 121 to 120 cents per bushel. The price received by farmers on December 15 for each of these grains was much higher than in December 1935. Corn and barley prices were somewhat higher than in December 1934 whereas the oats price was slightly lower.

The supply <sup>1/</sup> of feed grains available after October 1 is estimated on the basis of the December 1 production figures at 64,000,000 short tons compared with 92,000,000 tons last year and 101,000,000 tons for the 1928-32 average. This supply is 3 percent larger than that of 1934, but with the exception of that year it is the smallest since 1894. Supplies per animal in the present marketing year are probably more than 3 percent greater than in 1934-35 as liquidations have been heavy for many classes of livestock since that time. More definite information on this subject will appear in the February report when livestock numbers of January 1 are known.

The October-December disappearance of corn and oats in 1936 as compared with other recent years is shown in the following table. The combined disappearance of these feed grains in this period of 1936 was slightly larger than in 1934, and considering differences in available supplies, was large compared with 1935 and the 1928-32 average.

<sup>1/</sup> Includes total October 1 stocks of corn and oats plus production of corn, barley and grain sorghums in each of the years considered.

Corn and oats: Total supply October 1 and January 1, and October-December disappearance, 1936 with comparisons

Crop and year	Total supply <sup>1/</sup> Oct. 1	Total stocks Jan. 1 following	Oct.- Dec. disappearance	Percentage disappearance is of total supply
	1,000 bushels	1,000 bushels	1,000 bushels	Percent
CORN				
1936	1,702,412	824,543	877,869	51.6
1935	2,361,745	1,412,278	949,467	40.2
1934	1,814,996	880,234	934,762	51.5
1928-32	2,716,371	1,488,163	1,228,208	45.2
OATS				
1936	733,900	520,725	213,175	29.0
1935	1,013,963	813,261	200,702	19.8
1934	479,384	373,588	105,796	22.1
1928-32	966,872	737,773	229,094	23.7

<sup>1/</sup> Includes total October 1 stocks of corn and oats plus production of corn in each of the years considered.



Present indications are that the quality of the 1936 corn crop is considerably higher than that of the 1935 crop. Only 62 percent of the December receipts at representative markets graded lower than No. 3 compared with 93 percent in December 1935. Reports indicate that the 1936 corn received at terminal markets in December had a low moisture content.

United States importations of corn in November totaled 6,263,000 bushels, nearly 2,000,000 bushels less than in October, but more than three times as large as imports in November last year. Statistics for December imports are not yet available, but based on figures showing weekly arrivals of foreign grain at United States ports, imports in December were indicated to be somewhat smaller than in November. These reductions are largely the result of the continuance of coastal labor difficulties, as the margin between domestic and foreign corn prices remained wide during this period. Imports of barley were large in November, amounting to 1,836,000 bushels compared with 1,393,000 bushels in October and 14,000 bushels in November last year. Imports of oats during November and December continued too small to be of any practical importance in the domestic situation.

The average price received by farmers for hay has advanced only slightly since the sharp advance from July to August. Favorable weather for the growth of fall and winter pastures has been influential in keeping hay prices at a relatively lower level than the prices of other feeds. Weather conditions during the remainder of the winter will have an important influence on both hay and feed grain prices.

The 1936 hay crop was estimated at 70,273,000 tons in the December 1 crop report compared with 89,742,000 tons in 1935 and 80,911,000 tons for the 1928-32 average. In view of the large carry-over from the 1935 crop and the reduced number of hay consuming animals on farms the supply of hay per animal is not much below average.

## RICE

The downward movement in rice prices which started in the summer months continued to the end of 1936. Increased production both in California and in the Southern States was largely responsible for declining prices. In the first week of January prices of Southern rice advanced materially, and there are some indications that the low point for the 1936-37 marketing year may have been passed. Exports increased sharply early in November in response to the reduction in prices. Although foreign supplies are expected to be somewhat above average, increased purchasing power of consumers in important rice consuming countries over the last few years will give support to world rice prices. Mill utilization of southern rice has been considerably above average during the period August to December, indicating an above average reduction in southern rice supplies during this period.

Prices of southern rice declined sharply from August to October, then moderately during November and December. The average price of Fancy Blue Rose milled rice at New Orleans was \$3.45 per 100 pounds in December, compared with \$4.70 per 100 pounds in December 1935. Early in January Fancy Blue Rose rice advanced to \$3.68, or to the highest level since early in October. The average Louisiana farm price of rough rice declined from 93 cents per bushel in September to 81 cents in December, compared with 72 cents in December 1935.

The price of Fancy Japan rice at San Francisco was reduced from \$4.15 to \$3.45 per 100 pounds in the last half of November and the price of No. 1 paddy from \$1.58 to \$1.32. These prices were unchanged during December and early January. In the first week of January last year the price of Fancy Japan rice was \$4.40 per 100 pounds and No. 1 paddy was \$1.28. The sharp advance in the price of California rough rice which occurred in January 1936 is not to be expected in January this year.

The December 1 estimate of the 1936 rice crop was 46,833,000 bushels which was more than 8,000,000 bushels greater than production in 1935, and the largest crop in 16 years. The production in the Southern States (Arkansas, Louisiana, and Texas) was estimated at 37,285,000 bushels or 16 percent larger than in 1935, and the California crop at 9,548,000 bushels, 42 percent larger than in the previous year.

The utilization of southern rice by mills and for seed totaled 5,400,000 barrels during the period August-December, 1936, compared with 3,700,000 barrels in this period last year, and 4,500,000 for the 1930-34 average. The utilization of California rice for seed and milling during the period October-December was 685,671 bags of 100 pounds, compared with 699,360 bags in this period of 1935, and 737,440 bags in this period of 1934.

Exports of rice so far this season have been considerably smaller than they were a year earlier. Exports in the period August-November were unusually small, as domestic prices were high compared with foreign prices. Shipments of rice to insular possessions, on the other hand, were much larger in the first 4 months of the present rice marketing year than the small shipments of a year ago, but they were not sufficient to offset smaller exports. Coastal labor difficulties have been influential in restricting the movement of California rice through Pacific coast ports during recent weeks. Total shipments of rice grain from the United States, including exports and shipments to insular possessions during the period August 1 to January 11, amounted to about 130,000,000 pounds, compared with 168,000,000 pounds in the same period of 1935.

#### APPLES .

Apple prices during the last few months have been at higher levels than during any similar period since the 1930-31 season. Stocks of apples in storage are about 14 percent below average and supplies during the remainder of the marketing year will be relatively small. In view of these small supplies, and with continuing improvement in consumer demand, it is expected that apple prices will make a greater-than-usual rise during the remainder of the marketing year.

The movement of apples into storage is usually completed by December 1, so that storage stocks on that date indicate the supply of apples available for consumption during the winter and spring months. On December 1, 1936 total storage stocks of apples were reported at 25,890,000 bushels, 21 percent less than the stocks on December 1, 1935 and 14 percent below the 1926-35 average. Of the total stocks this year about 12,400,000 bushels are eastern apples and 13,500,000 bushels, western apples, compared with the 10-year average of 13,600,000 bushels of eastern apples and 16,300,000 of western apples.

The average price of apples received by growers at local markets on December 15 was 106 cents per bushel compared with 92.9 on November 15, and 76.6 on December 15, 1935. In the Pacific Coast States the grower price ranged from 80 to 85 cents per bushel and in the other principal producing regions from 110 to 135.

The weighted average auction price of western apples at New York was \$2.21 per box in December and \$2.09 in November, compared with \$1.84 and \$1.93 for the same months a year ago. On the Chicago market western apple prices averaged \$1.85 in December and \$1.86 in November, compared with \$1.39 and \$1.64 in December and November of 1935.

The following table shows prices of eastern and western apples by varieties on the New York and Chicago markets this season with comparisons:

Apples: L.c.l. jobbing and auction prices per bushel by varieties, specified periods

Market and variety	:Jan.1937: Dec. : Nov. :			:Jan. 1936: Dec. : Nov. :		
	:1st week: 1936 : 1936 :			:1st week : 1935 : 1935 :		
	: <u>Dolls.</u>	: <u>Dolls.</u>	: <u>Dolls.</u>	: <u>Dolls.</u>	: <u>Dolls.</u>	: <u>Dolls.</u>
Eastern apples(l.c.l. jobber prices):	:	:	:	:	:	:
N.Y.market-	:	:	:	:	:	:
Greenings - N.Y. ....:	1.30	1.33	1.36	1.12	1.06	1.00
Baldwins - N.Y. ....:	1.38	1.37	1.20	1.04	.93	.72
Yorks - Va. ....:	1.46	1.45	1.21	.92	---	---
McIntosh - Mass. ....:	1.98	2.01	2.10	1.35	1.38	1.45
Chicago market-	:	:	:	:	:	:
McIntosh - Mich. ....:	1.70	1.74	1.70	1.28	1.36	1.26
Greenings - Mich. ....:	1.38	1.42	1.39	1.12	1.22	1.04
Delicious - Mich. ....:	1.88	1.69	1.68	1.17	1.27	1.07
Western apples(auction prices)	:	:	:	:	:	:
N. Y. market-	:	:	:	:	:	:
Delicious - Wash. ....:	2.33	2.26	2.24	1.63	1.93	2.01
Romes - Wash. ....:	1.87	1.80	1.89	1.66	1.79	1.83
Spitzenberg - Wash. ....:	1.79	1.76	1.97	1.59	1.63	1.84
Chicago market-	:	:	:	:	:	:
Delicious - Wash. ....:	2.06	1.92	1.93	1.40	1.43	1.49
Romes - Wash. ....:	1.67	1.66	1.59	1.57	1.35	1.59
Jonathan - Wash. ....:	1.92	1.54	1.66	1.17	1.11	1.43



## POTATOES

Owing to the small supply of 1936 late potatoes going into storage for winter and spring marketings, potato prices advanced sharply during the last month, and indications are that, aside from minor recessions from time to time, the sharp upward trend will continue during the next 2 or 3 months. The peak in prices for the 1936-37 season is expected to be reached about the middle of April, at which time it is not unusual for heavy supplies of new potatoes to move from the Southern States.

The supply of all potatoes for the first half of 1937 is now indicated to be the smallest since 1926, when there were unusually small January 1 stocks of old potatoes and a relatively small production of new potatoes. The indications are that only about 75,000,000 bushels of old potatoes were in country warehouses on January 1, 1937 and early reports from growers in the Southern States which market all of the new crop before July 1 indicate that, with average growing conditions, the early crop may approximate 26,000,000 bushels. The production range on the intended acreage reported is from 18,000,000 to 30,000,000 bushels, the size of the early crop depending upon growing conditions. On the basis of this information, the prospective total supply of potatoes for the first 6 months of 1937 is slightly in excess of 100,000,000 bushels, compared with 112,000,000 bushels available for the corresponding period last year, and the average for the last 5 years of 124,000,000.

The final crop report for 1936 indicated a total United States production of approximately 330,000,000 bushels of potatoes, or about 2,000,000 less than were reported in November. The 18 surplus producing late potato States have 240,254,000 bushels, or about 31,000,000 less than their 1935 production and 30,000,000 bushels below the 1928-32 average crop. The three Eastern States have 5,000,000 bushels more than in 1935, but the five Central States show a great shortage, compared with 1935 and with the average. Production in the 10 Western States is slightly below the 1935 crop, but above the 5-year average. The other 12 late potato States have about 37,500,000 bushels this season, or 9,000,000 less than the year before and 2,000,000 below average.

Wholesale prices of eastern potatoes at New York City advanced from \$2.41 per 100 pounds the first week of December to about \$2.77 the first week of January. They averaged \$1.72 a year ago. Idaho Russet Burbanks at New York advanced from \$3.23 per 100-pound sack to \$3.42 during the last month and now compare with \$2.25 per sack a year ago. At Chicago, prices of northern Round Whites averaged \$2.28 per 100-pound sack during the first week of January, against \$1.88 a month earlier and \$1.19 a year ago. Prices of other varieties at Chicago followed the same general trend, Idaho Russet Burbanks averaging \$3.18 per 100-pound sack the first week of January, compared with \$2.53 in the corresponding period of December and \$1.89 in early January 1936.

Shipping-point prices and cash-to-grower prices also followed the broad upward swing of terminal prices during the last month. Details of these changes in important shipping sections are shown in the following table:

Potatoes: Shipping-point prices, 1937 and 1936

Locality	F.o.b. per 100-lb. sack			Cash-to-grower, bulk per 100 lb.		
	Week ended-			Week ended-		
	Jan. 9, 1937	Dec. 5, 1936	Jan. 11, 1936	Jan. 9, 1937	Dec. 5, 1936	Jan. 11, 1936
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Presque Isle, Me.	2.21	1.88	1.16	2.06	1.75	0.97
Rochester, N. Y.	2.16	1.93	1.25	1.73	1.57	.93
Riverhead, L.I.	2.76	2.33	---	2.58	2.18	---
Grand Rapids, Mich.	2.08	1.78	1.06	1.72	1.37	.78
Waupaca, Wis.	2.05	1.66	.95	1.62	1.30	.65
Idaho Falls, Idaho	2.38	1.73	1.06	1.95	1.54	.84

New potatoes were moving from the South at the rate of 5 to 10 cars daily, considerably more than the movement of a year ago, and Florida Bliss Triumphs were returning shippers in the southern part of that State about \$2.90 per 100 pounds, while wholesale dealers in New York received \$3.50 on this new stock.

Shipments of old potatoes reached nearly 4,000 cars during the last week of December, but decreased to about 3,600 cars the first full week of January and were not quite so large as the output of a year ago. The most active shipping States were Maine, Michigan, Colorado, and Idaho. By January 9, nearly 80,000 cars of potatoes had been shipped by rail or boat from the 18 surplus producing States, compared with 67,000 to the same time last season. The larger rail shipments this year do not indicate larger marketings but are due to the fact that production is relatively small in the nearby market areas from which potatoes are usually moved by motor truck.

For the United States as a whole, the average price to growers for potatoes advanced to \$1.06 per bushel by December 15, compared with 98 cents on November 15, 1936; about 64 cents on December 15, 1935; and a 1909-13 average of 62 cents per bushel. The average of \$1.06 is the highest December average price to growers since 1929.



# ONIONS

Onion prices at shipping points and large terminal markets showed only minor fluctuations during the last month with prices in early January holding at practically the same levels as a month earlier. During November there was a rather substantial rise in prices of mid-western and eastern grown stocks. Western Valencias have shown very little change in price at terminal markets since the season low point was reached in October. In view of the record 1936 production of late onions, estimated at 11,811,000 sacks, it is expected that onion prices will not show the usual seasonal rise, but will change very little during the next month or 3 weeks. Price movements in late February and early March will depend largely on prospects for the new crop, particularly Texas Bermudas. The preliminary estimate of acreage for the early onion States is 35 percent below that of last year, but 5 percent above the 1928-32 average acreage.

On the New York City terminal market, yellow stock from western New York points sold recently at 55-75 cents per 50-pound sack. A month earlier the price range was the same, while in January 1936, 50-pound sacks were quoted at \$1.15 - \$1.35. Since October prices of Western Valencias have fluctuated very little and within a narrow range. Recent sales were made at \$1.05 - \$1.10 per 50-pound sack. These prices compare with \$1.50 - \$1.60 a year ago. Much the same situation has prevailed on the Chicago wholesale market, with Michigan yellows selling in carlots during the last month at 50-60 cents per 50-pound sack. As shown in the following table, shipping-point prices have followed similar trends:

Onions: Prices per 50-pound sack, carloads, f.o.b.  
shipping points, specified periods

Locality	Week ended				
	: Jan. 9,	: Dec. 12,	: Nov. 14,	: Oct. 10,	: Jan. 21,
	: 1937	: 1936	: 1936	: 1936	: 1936
	:	:	:	:	:
	: Cents	Cents	Cents	Cents	Cents
Western N. Y.....	55-59	52-60	40-45	45-48	110-120
Grand Rapids, Mich. ....	45-50	47-50	37½-40	40-45	93-110

A total of 543 carloads from the important late producing States were shipped during the week ended January 9 compared with 384 the preceding week and 794 during a corresponding week in 1936. Shipments this season to January 9 from the important late States totaled 13,203 carloads, compared with 13,847 to a corresponding date last season.

## CABBAGE

An extremely heavy movement of new crop cabbage from the Southern States resulted in greater than usual seasonal declines in prices at terminal markets and shipping points during December and early January. Although prices declined on both the Danish (1936 crop) and the new domestic type from the South, declines were more marked on the latter type. It seems likely that most of the seasonal price decline has already occurred and prices of new crop cabbage may remain near present levels until after the peak of the harvest.

The indicated production of 1937 crop cabbage in the early States, California, Florida, Louisiana, and Texas, is 327,900 tons compared with 307,300 tons in 1936 and the 1928-32 average of 211,000 tons. The indicated production for this year is 6 percent smaller than the record crop of 346,000 tons produced in these States in 1934, but is 7 percent larger than in 1936, and 55 percent larger than the 5-year average.

On the New York market sales in early January of Texas domestic round-type cabbage were made at \$1.75 - \$2.35 per 100 pounds, compared with \$2.35 - \$3.25 in December, and \$2.65 - \$3.25 during a corresponding period in January 1936. Recent sales of New York Danish stock were reported at \$1.00 - \$1.50 compared with \$1.20 - \$1.70 a month earlier and \$1.00 - \$1.30 per 100 pounds in January 1936. On the Chicago market recent sales of Texas domestic round were made at \$1.88 - \$2.06 per 100 pounds, compared with \$2.00 - \$2.65 a month earlier, and \$2.35 - \$2.65 in January 1936. New York Danish type dropped in price from \$1.50-\$1.80 in December to \$1.40 - \$1.70 in early January.

Prices at shipping points reacted in much the same manner as indicated by the following table:

Cabbage: Shipping point prices, specified periods

Locality and type	Item	Week ended			
		Jan. 9, 1937	Dec. 12, 1936	Nov. 7, 1936	Jan. 11, 1936
		Dollars	Dollars	Dollars	Dollars
Western New York,	Sacked per				
Danish .....	ton, f.o.b. ...	18-21	20-23	13-16	15-19
Danish .....	Bulk per ton				
	: cash to growers	12 -14	15-18	10-12	---
Brownsville, Tex.,					
Domestic round...	Lettuce crates:				
	: f.o.b. ....	.70 - .80	---	---	1.15 - 1.25
Domestic round....	Bulk per ton				
	: f.o.b. ....	10-12	---	---	---

Carlot shipments of the new southern crop during the week ended January 9, totaled 500 cars, compared with 542 the preceding week, and 391 during a corresponding week in 1936. A total of 2,007 carloads were shipped this season to January 9. Up to a corresponding date in 1936 there were only 1,176 carloads shipped. Carlot shipments of northern Danish cabbage during the week ended January 9 totaled 417, compared with 383 the preceding week, and 466 for the corresponding week a year earlier.

#### TOBACCO

Most types of tobacco on the market during December 1936 sold for prices averaging higher than those of the same month in 1935, prices of some types being substantially higher. The general improvement in tobacco prices during this marketing season over those prevailing during the 1935-36 season is due partly to reduced supplies of many types, and partly to increased consumption of tobacco products. The most significant increase has taken place in the consumption of cigarettes which, during the period January - November 1936 was 12.1 percent above the consumption for the corresponding period in 1935. Practically all of the 1936 flue-cured tobacco crop has been marketed with prices during each month of the selling season above the monthly prices of the previous season. The 1936 season's average for flue-cured will be about 22 cents compared with 20 cents in 1935. Burley prices during the first 2 weeks of the marketing season averaged about 40 cents, pointing toward a record high for the season.

Flue-cured - Although the supply of flue-cured tobacco for the 1936 season is slightly larger than the 1935 supply, the disappearance (consumption plus exports) will undoubtedly be considerably larger than that of a year ago. The consumption of cigarettes in the calendar year 1936 will probably exceed 150,000,000,000. Assuming continued economic improvement, an increase in the consumption of cigarettes in 1937 is expected. Exports of flue-cured tobacco, July - November 1936, were 173,915,000 pounds, of which 71 percent went to the United Kingdom and 9 percent to China. This compares with a total of 180,759,000 for the same period in 1935 when 81 percent went to the United Kingdom and 5 percent went to China.

Burley - The Kentucky warehouse sales report, giving total sales in that State from the opening of the markets on December 7 and 8 to the end of the month, reports an average price of 39.1 cents paid to growers of burley tobacco. Prices on representative burley markets in Kentucky are shown in the table on the following page.



Tobacco, burley: Prices per pound received on specified markets, season's average 1930-35 and December 1936

Market	Dec. 1936	Season's average					
		1935	1934	1933	1932	1931	1930
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Lexington, Ky. ....	41.22	19.78	18.56	12.31	13.37	10.34	16.96
Shelbyville, Ky.....	36.64	18.86	16.81	10.17	11.18	7.33	14.32
Maysville, Ky. ....	26.42	16.34	16.57	9.98	12.33	8.83	15.22
Carrollton, Ky. ....	31.80	19.90	16.01	8.64	11.63	8.26	12.28
Cynthiana, Ky. ....	41.66	18.70	19.12	10.11	11.68	8.91	16.18
Danville, Ky. ....	37.94	19.25	17.01	10.97	11.85	8.45	16.73
Harrodsburg, Ky. ...	40.23	18.59	18.16	10.97	12.25	7.99	15.78
Mt. Sterling, Ky. ...	39.29	18.41	17.96	9.97	13.26	9.13	16.45
Paris, Ky. ....	44.90	20.50	20.17	12.10	14.13	10.41	17.44
Richmond, Ky. ....	41.02	18.65	17.51	10.50	13.84	9.21	16.46

Season's average 1930-35, compiled from the report of the R. M. Barker Tobacco Company, Carrollton, Kentucky; December 1936, compiled from Tobacco, Vol. CIII, No. 26.

The demand for all grades of burley is good while prices for most cigarette grades are at new highs. The high prices this season are apparently due to strong competition among buyers for the limited supply. The production this year is smaller than in any year since 1927.

Although the consumption of chewing and smoking tobacco has increased slightly, the demand for burley tobacco is greatest for use in the manufacture of cigarettes, the consumption of which has been increasing at a rapid rate. The high prices being paid for burley reflect not only the short crop, but also the manufacturers' anticipation of a continued increase in demand.

Fire-cured and dark air-cured - In general, prices received for the fire-cured and dark air-cured types, marketed during December were above those of December 1935. The price received for Virginia fire-cured was 11.5 cents compared with 10.5 in 1935, while the Virginia sun-cured price was 12.5 cents, the highest December price since 1929. One sucker averaged 19.4 cents on the Kentucky markets compared with 6.8 cents for the same month in 1935.

## HOGS

The seasonal rise in hog prices which started in late November continued through December, and in early January the weekly average for all hogs combined was at the highest level since late April. Prices of butcher and bacon hogs, however, were still below the peak levels reached in August and early September for these kinds. With prospects for a greater than average seasonal reduction in hog marketings during the late winter, a further advance in hog prices is to be expected.

The weekly average of hog prices at Chicago rose from \$9.43 per 100 pounds in late November to \$10.41 in early January. The average for December at that market was \$9.96, compared with \$9.48 in November and \$9.57 in December 1935 when the processing tax of \$2.25 per 100 pounds was in effect. The December average was the highest for that month since 1926 and the third highest for December since 1919. Prices of light weight hogs have advanced relatively more than those of the heavier weights thus causing the spread between prices of light and heavy butchers to become very narrow. In October and November it was unusually wide. Prices of packing sows are now at the highest levels reached in 1936.

Hog slaughter under Federal inspection during December, totaling 4,681,000 head, was 9 percent larger than that in November, 63 percent larger than the very small slaughter in December last year, and 8 percent larger than the 5-year average for the month. It was the largest December slaughter since 1931. Slaughter during the 3 months, October to December, was 68 percent larger than a year earlier, 3 percent greater than in the corresponding period of 1934, and 9 percent larger than the 5-year average for the period. Average weights of hogs increased seasonally during December after having reached a low point during the first week in November. The average for the 7 principal markets combined increased from 212 pounds in the first week of December to 221 pounds in early January. Weights have been especially light at markets supplied mainly from the western Corn Belt which was the region where feed crops were most adversely affected by the 1936 drought.

The hog-corn price ratio, based on Chicago prices of hogs and corn, became slightly more favorable during December as hog prices advanced relatively more than corn prices. In early January the ratio was 9.5 compared with 9.3 a month earlier and 8.5 at the beginning of 1935 following the drought and short feed crops of 1934.

Wholesale prices of fresh pork, after reaching the season's low in November, advanced in early December, declined somewhat before the Christmas holidays and then made further advances in the last week of the year. Prices of cured pork made a slight recovery in late November and early December, following a general decline during the fall months, but during the last 3 weeks of December they held practically unchanged. Prices of bacon, hams, and picnics are still only slightly above the lowest levels of 1936, whereas those of fat backs and lard are approximately at the year's peak levels.

The relatively large slaughter of hogs in December resulted in a greater than average increase in storage holdings of pork and lard during the month. Stocks of pork on January 1, totaling 665,000,000 pounds, were 44 percent larger than those reported on December 1, 104 percent larger than those of a year earlier, and 23 percent greater than the 5-year average for that date. Lard stocks, totaling nearly 146,000,000 pounds, were about 34 percent larger than those of December 1, 176 percent greater than the very small stocks reported a year earlier and 84 percent larger than the 5-year average for January 1.

The pig crop report released by the Bureau of Agricultural Economics in late December showed an increase of about 6 percent in the fall pig crop of 1936 over that of 1935. Earlier in the fall it was thought that because of the feed shortage caused by the drought the report probably would show the crop to be 15 to 20 percent smaller than that of a year earlier. A decrease of 16 percent was shown for the west north central States where feed crops were adversely affected by the drought, but in all other regions increases of 16 to 20 percent were reported. These increases were about in line with the indicated intentions reported by farmers in June before the drought developed. In most of the regions showing increases, the proportion of the hogs raised which go into commercial slaughter is much smaller than that of the Corn Belt. This year, however, this proportion may be larger than usual.

The pig survey report also showed that the number of hogs over 6 months of age on farms in the Corn Belt on December 1 was somewhat smaller than a year earlier. Since hog marketings in December were much larger than in December 1935, the total number of hogs, including pigs, in the country on the first of this year is probably no larger than that on January 1 last year. If feed grain production this year shows indications during the early summer of being much larger than in 1936, there will be a large increase in the number of sows retained in the Corn Belt for fall farrowing and this will tend to reduce the number of hogs for summer slaughter. It appears likely, therefore, that total slaughter during the remainder of the present marketing year to October 1, will be less than that in the corresponding period of 1936; possibly about one million head smaller. Such decreases as occur from a year earlier are likely to be most marked in February and March and in the late summer.

#### CATTLE

Cattle prices were fairly steady during the first 2 weeks of December, weakened somewhat during the third week, and then advanced rather sharply during the latter part of the month. This advance continued into early January and carried prices to the highest level since early in 1936. For the week ended January 2, 1937, the average price of all grades of beef steers at Chicago, except choice, were higher than for the week ended January 5, 1936. The average price of all beef steers was \$10.45 compared with \$9.22, reflecting the much larger proportion of better grades this year. The trend of prices of other kinds of slaughter cattle in December followed that of beef steers. At the beginning of 1937 prices of most kinds, except choice heifers, were a little lower than a year earlier. Prices of veal calves advanced rather sharply late in December to the highest point in over a year. The average prices of beef steers at Chicago for December was \$10.27, compared with \$10.31 in November and \$9.79 in December 1936. The mid-month farm price of beef cattle was \$6.17 in December compared with \$5.97 in November and \$6.14 in December 1935.



Supplies of cattle and calves in December continued large. The inspected slaughter of cattle of 987,000 head was the third largest for the month on record, exceeded only in 1917 and 1918. It was 11 percent larger than in December 1935 and 34 percent larger than the 5-year December average. Inspected slaughter of calves of 494,000 head was 3 percent larger than in December 1935, 20 percent above the 5-year December average, and the largest for the month on record. Receipts of beef steers at Chicago in December were over 20 percent larger than in December 1935, but were the third smallest in the 17 years of record. The receipts of choice steers, however, were the second largest on record and the proportion of the total was the largest on record.

With the inspected slaughter of cattle, calves and lambs at or near record levels in December and that of hogs above average for the month, the total live weight of all livestock slaughtered in December, as in November, was probably the largest for the month in over 10 years, and one of the 4 or 5 largest on record. Despite this large supply, the average price of livestock bought for slaughter strengthened during the month and averaged higher in December than in November.

For the year 1936, the inspected slaughter of cattle was 10,972,000 head and that of calves was 6,070,000 head. Cattle slaughter was the second largest commercial slaughter on record and calf slaughter the largest.

Cattle slaughter during the next 3 months is expected to decline more than seasonally from the levels of the last quarter of 1936, but may be considerably larger than the 5-year average for these months. The number of cattle on feed in the Corn Belt States on January 1 was estimated as 23 percent smaller than a year earlier, and was much below average for that date. Apparently there were still relatively large numbers of long fed cattle still in feed lots on January 1 and the supply of such cattle may be fairly large for a month or two but is expected to be very small during the spring months. The advance in fat cattle prices during the last 2 months has put the level of short fed cattle prices high enough that most cattle now being marketed are showing some profit, despite the high cost of feed and the feeding margin on some cattle has been quite large. This situation, together with the reduced numbers of cattle on feed, is expected to prevent any long continued excess supply of fed cattle and prices of such will be fairly well maintained with an upward tendency. Prices of lower grade cattle are expected to make at least an average seasonal advance during the next few months.

#### LAMBS

Prices of slaughter lambs continued at the relatively low level of late November during the first 3 weeks in December, but during the last week of that month and the first week in January prices advanced sharply. This advance carried the top price on slaughter lambs at Chicago from the \$9.00 to \$9.25 level where it had been for nearly 3 months to above \$10.00 and reaching \$10.75 on January 7. Prices of slaughter ewes also advanced about \$1.00 per hundred during this period and feeder lamb prices advanced

about 50 cents. The average price of good and choice lambs at Chicago for December was \$8.87 compared with \$8.90 for November and \$10.92 for December 1935. The December 15 farm price was \$7.26 compared with \$7.23 a month earlier, and \$8.15 a year earlier. The average price of feeder lambs at Chicago for December was \$7.30 compared with \$6.93 for November and \$9.83 for December 1935. Comparing prices in the first week of 1937 with the first week of 1936, slaughter lambs were about \$1.00 lower, slaughter ewes were about the same, and feeder lambs were about \$1.75 lower.

Supplies of lambs and sheep continued large during December. Inspected slaughter of 1,573,000 head was about 15 percent larger than that of December 1935 and the 5-year December average, and was the second largest for the month on record. Market receipt records indicate that most of the increase over December last year occurred in the first half of the month. The advance in prices toward the end of the month doubtless reflects a reduction in supply and a further strengthening of the wool market.

The number of lambs on feed for market on January 1 was estimated at 5,376,000 head, a decrease of 205,000 head, or 4 percent, from January 1, 1936. The location of these lambs indicates relatively large marketings during January and February and small supplies in March and April. Feed and weather conditions have been rather unfavorable for the development of the early lamb crop in California, and the eastern movement in volume from that State may be later than last year. On the other hand, feed supplies in the principal sheep area of Texas are, and have been, plentiful, and there has been a heavy carry-over of 1936 lambs in this area. If feed conditions continue favorable, a heavy movement of grass fat yearlings from this State in April and May can be expected.

A further advance in slaughter lamb and ewe prices during the next few months is probable. Some further advance from the levels of early January may take place before the end of February, but the largest advance is expected during March.

#### BUTTER

Butter prices have increased at a season of the year when they usually decline. Farm prices of butterfat are low compared with those of feeds and meat animals. These price relationships together with the shortage of feed indicate that the relatively high level of butter production which occurred during the fall will not be maintained during the first half of 1937. Butter prices during the first half of 1937 probably will average higher than in the same period of 1936. The seasonal decline in prices will probably be later than usual.

The price of 92-score butter at New York in December averaged 34.2 cents per pound. This was 0.6 of a cent higher than in November and slightly higher than a year earlier. In early January prices averaged somewhat higher than in December. This is at a season of the year when there is usually a seasonal decline in prices. This strength in prices is probably due to the fact that production is not making the usual seasonal increase.



The price farmers received for butterfat in mid-December was 33.6 cents, one-half cent higher than in November, and the highest for the month since 1929. In December the farm price of butterfat was equivalent to the farm price of 20.2 pounds of feed grains compared with 36.3 pounds a year earlier, 17.6 pounds in the drought year 1934 and the 15-year December average (1920-34) of 35.4 pounds. Farm prices of butterfat are also low compared to by-product feeds and meat animals. These price relationships and the shortage of feeds will tend to curtail production.

Butter production in November of 114,000,000 pounds was 18 percent larger than that of a year earlier, and the third largest on record for the month. The 16 percent decline in production from October to November was slightly less than the usual seasonal decline. Production in the fall was exceptionally heavy. The seasonal rise in production from November to early spring will probably be less than average.

Even though butter production has been heavy, trade output in November was 9 percent less than a year earlier, and the smallest for the month since 1931. The out-of-storage movement in November was small. In November 1935 there was a considerable amount of butter distributed by the Government for relief so that trade output through regular commercial channels in November was about 6 percent less than a year earlier. Retail prices of butter in November were 7 percent higher than a year earlier. These changes indicate that consumer expenditures for butter in November 1936 were about the same as in November 1935.

Storage stocks of creamery butter on January 1 were 61,000,000 pounds, compared with 40,000,000 pounds a year earlier, and the 5-year average of 49,000,000 pounds.

In the past month foreign butter prices have declined. In early January the margin between 92-score butter at New York and New Zealand butter in London was about the same as the tariff rate of 14 cents. Imports of butter in November were 1,400,000 pounds, compared to 277,000 pounds a year earlier. Imports will probably continue larger than a year earlier during the winter months.

#### CHEESE

Cheese prices in December and early January were the same as those of a month earlier. Cheese production has been unusually large, storage stocks are large, and the movement into consuming channels has also been heavy. In view of the prospects for a less than seasonal rise in total milk production during the first half of 1937, it seems probable that cheese prices during this period will average higher than in the same period of 1936, and the highest for the period since 1930.

Cheese prices (twins) on the Wisconsin Cheese Exchange in December averaged 16.0 cents, the same as in November, 1.0 cent less than in December 1935, but except for 1935, the highest for the month since 1929.

Production of cheese in November of 46,800,000 pounds was 17 percent larger than the preceding high for the month in 1935. The 19 percent decline in production from October to November was less than the usual seasonal decline between these 2 months and the index of production which is adjusted for seasonal variation (1925-29 = 100) rose from 163 in October to 184 in November. In view of the prospects for a less than seasonal rise in total milk production it does not seem probable that this high level of production will be maintained during the feeding period.

Trade output of cheese in November of 57,000,000 pounds was 7.5 percent larger than a year earlier and a new high for the month. Retail prices for cheese in November were 8.5 percent higher than in November 1935. These changes indicate that consumer expenditures for cheese were about 17 percent higher than a year earlier, and the highest for the month since 1928. With relatively light supplies of meats in prospect for the first half of 1937, consumer expenditures for cheese will probably continue relatively high.

Cold storage stocks of American cheese on January 1 were 99,000,000 pounds compared with 86,500,000 pounds a year earlier and the 5-year average of 74,500,000 pounds.

Imports of cheese in November were approximately the same as a year earlier. Total imports for the first 11 months of 1936 were 17 percent larger than in the same period of 1935, but were decidedly less than the pre-depression average.

#### POULTRY AND EGGS

Market prices of eggs declined seasonally in December. While their usual course is downward until March, extreme weather causes severe but temporary price changes. Although receipts are running somewhat below those of a year earlier, this is not expected to continue. Improved consumer purchasing power during early 1937 is likely to more than offset the price depressing effect of large receipts, so that spring egg prices may average above those of the same period of 1936.

Chicken prices continue to decline by more than the average seasonal amount because of the record supplies. While it is not likely that the usual spring price rise will carry prices to the level of 1936, neither is the usual summer and fall decline likely to be as great as average.

The market price of mid-western special packed eggs at New York averaged 34.3 cents per dozen in December, compared with 39.7 cents in November and 32.3 cents in December 1935. This price averaged 29.1 cents in the week ended January 9. The price received by farmers dropped from 32.5 cents on November 15 to 30.5 cents on December 15. The farm price of chickens declined from 13.2 cents per pound to 12.6 cents for these dates.

Receipts of eggs at the four markets in December were 603,000 cases, compared with 721,000 cases a year earlier, and a 5-year average of 597,000 cases. In only 3 of the years since 1925 have December receipts exceeded those for December 1936. With 3 percent more layers in farm flocks, some increase in production over that of 1936 is likely even with heavy feed costs.

Receipts of dressed poultry at the four markets in December were 69,200,000 pounds, compared with 53,500,000 pounds a year earlier, and a 5-year average of 65,000,000 pounds. These heavy receipts have resulted from an increased hatch last spring and from the drought. They have been important in causing chicken prices to decline more rapidly than usual during the fall.

Cold storage holdings of case eggs on January 1, 1937 were 650,000 cases, compared with 964,000 cases a year earlier and a 5-year average of 795,000 cases. Stocks are ordinarily almost zero by March 1.

Cold storage holdings of frozen poultry on January 1, 1937 were at a record level of 187,000,000 pounds, compared with 107,000,000 pounds a year earlier, and a 5-year average of 118,000,000 pounds. This stock will tend to keep poultry prices low during the early part of 1937. Because of the probable effect of these lower prices on hatching in the spring, however, the usual seasonal decline in poultry prices after May or June may not occur or may be much less than average. It is well to remember, on the other hand, that if this stock is not readily moved out of storage without loss, it may tend to reduce the fall price by weakening the demand to store poultry.

#### WOOL

In view of the strong demand for wool in most consuming countries and the relatively small world supplies, it is expected that wool prices will be well maintained in the next few months. The current strong demand for wool in consuming countries is due partly to the improved economic conditions in most countries, and partly to the increased use of wool for military purposes under rearmament programs in some foreign countries.

Domestic wool prices at the present time are largely influenced by the small supplies of wool available in this country and by the strength in wool prices in foreign markets. The shortage of supplies in consuming markets in this country has been accentuated by delays in the movement of domestic and foreign wools to the Boston market as a result of the seamen's strike in this country. The shortage of supplies in the domestic market has resulted in active contracting for wool in the Western States to be shorn in May and June.

The upward trend in wool prices continued in the Boston market during December. Prices of graded wools at Boston have risen 24 to 34 percent since August, and in the first week of January prices were at the highest levels since the early part of 1929. Quotations for fine (64s, 70s, 80s) staple territory wool at Boston for the week ended January 9 averaged \$1.14 a pound, scoured basis, compared with \$1.06 a month earlier and 87 cents a year earlier. Territory 56s combing wool averaged 97.5 cents a pound, scoured basis, the first week in January, 93.5 cents a month earlier, and 76.5 cents a year earlier. The United States average price of wool received by farmers on December 15 was 30.1 cents per pound compared with 27.2 cents on November 15, and 23.3 cents on December 15, 1935.



United States imports of apparel wool for consumption totaled 19,372,000 pounds in November 1936 compared with 6,406,000 pounds in October and 6,246,000 pounds in November 1935. Imports of such wool in the first 11 months of 1936 were 98,046,000 pounds compared with 35,034,000 pounds imported in the first 11 months of 1935. Imports of carpet wool from January to November 1936 were 127,354,000 pounds compared with 147,477,000 pounds in the same months of 1935. Buyers for United States dealers and manufacturers have purchased substantial quantities of wool in Southern Hemisphere markets in the last few months, and imports will probably increase during the first quarter of 1937.

Consumption of apparel wool by United States mills increased sharply in November after declining in September and October. The weekly average consumption of 6,005,000 pounds, scoured basis, in November was greater than in any previous month of 1936 except February, but it was lower than in November 1935. Mill consumption of apparel wool from January to November 1936 totaled 250,429,000 pounds, scoured basis, which was 11 percent smaller than in the same months of 1935, but was larger than in the corresponding period of any previous year since 1923.

Such information as is available concerning supplies of raw wool in consuming countries indicates that stocks are relatively low in most countries. Arrivals of the new season's clip from the Southern Hemisphere have probably relieved the shortage to some extent, but increased manufacturing activity in the United Kingdom, France and Belgium has prevented the building-up of raw material supplies in those countries.

As a result of the strong demand from importing countries, disposals of wool at Southern Hemisphere selling centers in the 1936-37 season to December 1, 1936 were larger than in the same months of the previous season. While stocks at selling centers on December 1, 1936 were somewhat larger than they were on the same date of 1935 it is estimated that supplies still to come forward this season are smaller than at the same time a year earlier.

#### COTTON

The strength evident in spot prices during the first half of December continued to be present throughout the month and in early January. A very high level of activity continues to prevail in the domestic cotton textile industry. The announcement by the Commodity Credit Corporation that part of the existing stock of Government-financed cotton would be released between February 1 and April 1 and the very large consumption of all kinds of cotton in foreign countries, which is accompanying a generally rising level of industrial activity, improve the outlook for foreign consumption of American cotton, which so far this season has been rather unfavorable.

The price of Middling spot cotton at the 10 markets averaged 12.60 cents in December compared with 12.06 in November and 11.70 in December 1935. The high was 12.88 on December 28 and the low 12.35 cents on December 5. The average for the week ended January 9 was 12.75 cents. The very high rate at which cotton is being used by mills in the United States and the relatively small supply of cotton now in private hands continue to be important price strengthening factors. The price of Indian and Brazilian cotton, especially the latter, expressed as a percentage of American at Liverpool weakened slightly in December compared with November, while Egyptian Uppers strengthened slightly relative to American.

During the calendar year 1936, about 1,400,000 bales of the cotton upon which the Commodity Credit Corporation and the Reconstruction Finance Corporation had loaned 11 and 12 cents per pound were sold by releasing it to the borrowing growers at 25 points less than the current 10-market price. On January 2, 1937, the Corporation stated that in order to make available "a reasonable amount" of the 3,000,000 bales remaining, loan-stock cotton (nearly all 12-cent loan) would be released to producer borrowers between February 1 and April 1 under conditions similar to those of last year. None of this 12-cent cotton will be released if the 10-market price of Middling 7/8 inch on the preceding day is less than 12.75 cents. Appropriate differences will be allowed so as to equalize values as between the different qualities of cotton and as between the various locations where the cotton is stored. Under the plans covering the disposal of the loan cotton last season no provision was made for differences in value arising from differences in quality and location. While the minimum 10-market price at which 12-cent loan cotton can be released is 12.75 cents, and the market has been hovering about this level in recent weeks, if the large consumption of domestic mills should continue and the foreign demand for American cotton improve so as to maintain the 10-market price at 12.75 or over, considerable quantities of loan cotton probably will be released into trade channels.

The cotton textile industry in the United States used cotton at a record breaking rate in December. Mill margins (based on 17 constructions of grey cloth) averaged 17.70 cents in December compared with 16.60 cents in November and 13.02 cents in December 1935, and were the widest margins for any month since August 1933. Cotton consumption amounted to 693,000 bales in December compared with 500,000 bales in December 1935, and is the largest consumption for any December on record. Consumption in the 5 months August to December, inclusive, totaled 3,170,000 bales, an increase of 31 percent over consumption in the corresponding period a year earlier, and is a record high for the period.

Cotton textile industries are active in most of the important foreign cotton consuming countries according to trade reports. It is reported that British mills have been fully selling their output during recent weeks. The French industry is fairly active and has a large volume of unfilled orders. German and Italian mills have been operating at the highest rates permitted by Government regulations. It is reported that recently announced regulations of the Italian Government will mean materially smaller imports of cotton in the coming months than in the corresponding months of this last season, unless exports of cotton textiles can be increased considerably. Mills in Japan and China are running at unusually high rates. Imports of American cotton into Japan and forwardings to Japanese mills during November indicate the probability that consumption of American cotton in Japan during the 1936-37 season as a whole will show a smaller decline compared with the preceding year than was indicated by imports, forwardings, and consumption of American in the early months of the present season.

Exports of cotton from the United States amounted to 594,000 bales in December compared with 886,000 bales in the corresponding month of 1935. In the 10 years ended 1932-33 exports in December averaged 1,010,000 bales. Exports in the 5 months August to December totaled 2,897,000 bales, or 16 percent less than in the corresponding period a year earlier, and 32 percent less than the 10-year average for this period.



## Business statistics relating to domestic demand

656

Year and month	Commodity prices								
	In-	Factory	Factory	United States			Foreign	In-	In-
	dustrial	pay-	employ-	Prices	Wholesale	4/	terest	dustrial	
	pro-	rolls	ment	re-	2/	In	rates	stock	
	duction	2/	2/	ceived	1910-14:	foreign	in	prices	
1/			by	1910-14:	currency	percent	in		
	1923-25 = 100			farmers:	= 100	1926 = 100	5/	dollars	
				3/				6/	
1919	83	98	107	213	202	139	---	5.42	100
1920	87	118	108	211	225	154	---	7.37	90
1921	67	77	82	125	142	98	---	6.53	74
1922	85	82	90	132	141	97	---	4.42	93
1923	101	103	104	142	147	101	---	4.94	95
1924	95	96	96	143	143	93	105	3.90	100
1925	104	101	100	156	151	104	104	4.01	134
1926	108	104	101	145	146	100	100	4.23	153
1927	106	102	99	139	139	95	98	4.01	176
1928	111	102	99	149	141	97	98	4.71	226
1929	119	109	105	146	139	95	95	5.74	311
1930	96	88	91	126	126	86	85	3.56	236
1931	81	67	77	87	107	73	75	2.58	139
1932	64	46	66	65	95	65	70	2.58	65
1933	76	49	72	70	96	66	69	1.63	84
1934	79	63	82	90	109	75	71	1.00	98
1935	90	71	86	108	117	80	72	.79	120
1935									
Oct.	95	76	89	109	113	80	73	.75	135
Nov.	96	76	89	108	113	81	74	.75	144
Dec.	104	77	88	110	112	81	74	.75	142
1936									
Jan.	98	74	87	109	118	81	74	.75	146
Feb.	94	74	87	109	118	81	74	.75	152
Mar.	93	77	88	104	116	80	74	.75	156
Apr.	100	79	89	105	116	80	74	.75	156
May	101	81	90	103	115	79	74	.75	149
June	103	81	90	107	116	79	75	.75	155
July	107	80	91	115	118	80	76	.75	162
Aug.	108	83	93	124	119	82	77	.75	166
Sept.	109	83	95	124	119	82	77	.75	168
Oct.	109	89	96	121	119	82	79	.75	175
Nov.	114	90	97	120	120	82	80	.75	182
Dec.				126	122	84		.75	180

1/ Federal Reserve Board index, adjusted for seasonal variation.

2/ Bureau of Labor Statistics index, without seasonal adjustment. Revised.

3/ Bureau of Agricultural Economics, August 1909-July 1914 = 100.

4/ Weighted average of index numbers for seven foreign countries (recomputed to omit Italy, for which data are not now available) - United Kingdom, Canada, China, Japan, France, Germany, and the Netherlands.

5/ Review of Economic Statistics, average of daily rates on commercial paper in New York City.

6/ Dow-Jones index is based on daily average closing prices of 30 stocks.

